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Message Text

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44-L
ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 PM-03 INR-07 NSC-05 EB-07

OMB-01 CIAE-00 L-03 /054 W
---------- 046025
R 141301Z JUL 75
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 7511

C O N F I D E N T I A L TEL AVIV 4481

E.O. 11652: GDS
TAGS: ECON, CERP, EFIN, IS
SUBJECT: ISRAEL'S ECONOMIC SITUATION

REF: A. STATE 161808
B. TEL AVIV 4011

1. PARA 1 OF REFTEL B REFLECTED LATEST GOI BALANCE OF PAYMENTS PROJECTIONS AND NET EFFECT WAS TO LOWER ISRAEL'S CURRENT ACCOUNT DEFICIT AND NEED FOR U.S. ASSISTANCE. THEREFORE, EMBASSY INCLINED TO ACCEPT REVISED ESTIMATES.

2. MOST RECENT GOI ESTIMATE OF PETROLEUM COSTS FOR 1975 IS $590 MILLION, DOWN FROM $629 MILLION IN 1974. ISRAEL PLANS IMPORT FOUR MILLIONS TONS PETROLEUM FROM IRAN IN 1975 AT PRICE OF $10.35 PER BARREL FOR TOTAL COST OF APPROXI-MATELY $310 MILLION. REMAINDER OF PROJECTED PETROLEUM IMPORT COST, $280 MILLION, IS FOR OIL FROM ABU RODEIS OF WHICH ONLY ABOUT ONE THIRD(ESTIMATED BY SENRIO MINISTRY OF FINANCE OFFICIAL, OR $100 MILLION, WOULD REPRESENT REAL FOREIGN EXCHANE COST. THEREFORE, ISRAEL HAS OVERSTAED REAL FOREIGN EXCHANGE COST PETROLEUM FOR 1975 BY APPROXIMATELY $200 MILLION AND CURRENT ACCOUNT DEFICIT CAN BE REDUCED ACCORDINGLY.

3. ISRAEL'S TRADE DEFICIT FOR FIRST FIVE MONTHS 1975 WAS $891 MILLION, WITH IMPORTS OF $1,698 MILLION AND EXPORTS OF $807. COMPARABLE FOGURES FOR 1974
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ARE TRADE DEFICIT OF $888 MILLION, IMPORTS OF

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$1,623 MILLION AND EXPORTS $735 MILLION.

4. EMBASSY ASSURED BY GOI THAT ENGLISH TRANSLATION OF NATIONAL BUDGET FOR 1975 WILL BE AVAILABLE SOON. COPIES WILL BE POUCHED AS SOON AS RECEIVED.
TOON

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NNN

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Draft Date: 14 JUL 1975
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Disposition Authority: CunninFX
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